

# ALTRON POLICY MANUAL

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## PART B – SECTION 4

### ANTI-CORRUPTION AND ECONOMIC CRIME POLICY

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Approved By: \_\_\_\_\_

  
**Mteto Nyati**  
On behalf of Altron Executive Committee

Reviewed By: \_\_\_\_\_

  
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## **1. INTRODUCTION**

The Altron group prohibits corruption and other economic crime in any form whether direct or indirect and is committed to the prevention of corruption and economic crime through the implementation of the Anti-Corruption and Economic Crime Policy ("this Policy").

The Altron group has developed this Policy in order to facilitate the observance of all anti-bribery, anti-corruption and anti-money laundering laws, regulations, and/or policies of South Africa, including the South African Prevention and Combating of Corrupt Activities Act, 2004 (as amended); the South African Prevention of Organised Crime Act, 1998 (as amended); the South African Financial Intelligence Centre Act, 2001 (as amended); the South African Electronic Communications and Transactions Act, 2002 (as amended); the United Kingdom of Great Britain and Northern Ireland ("UK"), including the UK Bribery Act, 2010 (as amended); the United States of America, including the Foreign Corrupt Practices Act, 1977, (as amended); the European Union; the Organisation for Economic Co-operation and Development; and the United Nations, including the United Nations Global Compact; as well as all other jurisdictions where the Altron group conducts business ("International anti-bribery laws").

## **2. APPLICATION**

This Policy will apply to all employees and directors throughout the Altron group, its divisions and subsidiaries, associate companies, entities that Altron has acquired or merged with, as well as entities in which the Altron group has a controlling interest.

Where any policy adopted by the Altron group, conflicts in any way with this Anti-Corruption and Economic Crime Policy, the Anti-Corruption and Economic Crime Policy will prevail.

## **3. PURPOSE**

The purpose of this document is to set out the policy of the Altron group to manage corruption and other forms of economic crime, inclusive of control strategies for prevention and remedial action in order to limit the Altron group's exposure to corruption and other forms of economic crime and to promote the values of an ethical culture throughout the Altron group.

## **4. MESSAGE FROM THE CHIEF EXECUTIVE**

At a time when we see more and more reports of unethical and unlawful behaviour in our community, it was felt that we needed to communicate to all stakeholders of Altron that Altron is committed to behaving and interacting with all stakeholders in a manner that is beyond reproach.

I cannot emphasise strongly enough the importance of adhering to this Anti Corruption and Economic Crime Policy, as one incident of unethical or unlawful behaviour can undo many years of hard work.

Unfortunately, no organisation is perfect and it would be naive of us to believe that there is no unethical or unlawful behaviour occurring in our group.

Each and every one of us has a responsibility to report any unethical or unlawful behaviour of which we become aware, regardless of who is perpetrating it. In order to protect individuals, and with the agreement of the Altron audit committee, we have contracted Deloitte Tip-Off Anonymous to provide an independent reporting line through which anyone in the group can report unethical or unlawful behaviour.

This reporting line is an important tool in both monitoring and stamping out unethical and unlawful behaviour in our group and has been set up in line with current best practices in this field.

It has the full support of myself and the Altron board of directors and I can assure you that all reports to this facility will be treated confidentially and investigated. I trust that, as always, you will be fully supportive of these initiatives and that this will re-affirm that the Altron group can be singularly proud of the way it behaves.

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Mteto Nyati  
Chief Executive

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Date

## **5. POLICY STATEMENT**

### **5.1 General**

The Altron group is committed to the highest ethical standards and sound corporate governance principles and is proud to participate in the global initiative to combat bribery, corruption and other economic crime by developing an Anti-Corruption and Economic Crime Policy.

This Policy is aimed at providing a high-level framework to guide employees and directors throughout the Altron group, its divisions and subsidiaries, associate companies, entities that Altron has acquired or merged with, as well as entities in which the Altron group has a controlling interest, in dealing with corruption and other economic crime situations.

The Altron group recognises that corruption and other forms of economic crime represent a risk to its assets, service delivery, efficiency and reputation. The Altron group has adopted a zero tolerance approach towards corruption and other economic crime and will not tolerate such activities, whether internal or external to the organisation. The Altron group will vigorously pursue and prosecute any parties, by all legal means available, who engage in such practices or attempt to do so.

The tone at the top of any organisation sets the moral and ethical compass for all others to follow. Senior management of the Altron group is committed to eradicating corruption and other economic crime and is committed to ensuring that the Altron group strives to be ethical in all its dealings with the

public and other interested parties. In this regard, senior management, under the guidance of the board of directors will ensure that it does not become complacent in dealing with corruption and economic crime and will ensure that this Policy is reviewed and updated regularly.

Furthermore, senior management will ensure that all persons to whom this Policy is applicable are made aware of the Policy through various initiatives of awareness, training and publication thereof.

## **5.2 Promoting Ethical and Lawful Conduct**

### **5.2.1 Altron Codes**

The Altron group has developed a Code of Conduct and a Code of Ethics and is continuously involved in group-wide efforts to re-emphasise the ethical values that underpin these Codes and to provide regular ethics training to its employees and directors.

### **5.2.2 Ethics campaigns and ethics training**

The Altron Group will conduct ongoing ethics training across the group from time to time.

### **5.2.3 Commitment to governance principles set out in the King IV Report**

The Altron group is committed to integrity in its business dealings and on an annual basis, Altron issues an Altron Corporate Governance Report.

The corporate governance principles and recommendations set out in the 2016, King Report on Corporate Governance for South Africa ("King IV") provide guidance to the Altron group in its approach to governance, requiring the application of an inclusive range of corporate governance principles or reasons for deviating from such principles and taking into account the concerns and issues of a broad stakeholder environment.

### **5.2.4 The New South African Companies Act**

The Altron group is committed to upholding the provisions of the Companies Act for South Africa, No 71 of 2008 ("the new Companies Act"), as amended, and is mindful of provisions relating to governance of companies, standards of directors conduct and liability of directors and prescribed officers set out in Part F of Chapter 2 to the Companies Act. The Altron group is furthermore mindful of, among others, the prohibitions against reckless trading set out in Section 22 of the new Companies Act, the Chapter 9 offences namely breach of confidence (Section 213), false statements, reckless conduct and non compliance (Section 214) as well as hindering the administration of the new Companies Act (Section 215), other offences such as failure to allow access to any record to which a person has a right to inspect (Section 26(6)), failure to keep accurate accounting records with the intention to deceive or falsify (Section 28(3)), being party to false or misleading financial statements (Section 29(6)), misuse of company name or registration number (Section 32) and liability for untrue

statements in a prospectus (Section 104).

### **5.2.5 Signatory to the UN Global Compact**

The Altron group is a signatory to the UN Global Compact, which advocates as its 10<sup>th</sup> principle that *businesses should work against corruption in all its forms, including extortion and bribery*” and has been active in making submissions to the UN Global compact in this regard.

### **5.3 Bribery and corruption**

The terms bribery and corruption for purposes of this Policy have the same meaning.

The Altron group prohibits all forms of corruption, and will not tolerate the persons to whom this Policy is applicable being involved in corrupt activities, whether by offering, promising, soliciting, demanding, giving or accepting bribes or behaving corruptly in the expectation of a bribe or an advantage.

Persons to whom this Policy is applicable are prohibited from soliciting, arranging or accepting bribes intended for the benefit of any Altron group business or for that person’s own benefit or that of the person’s family, friends, associates or acquaintances.

Persons to whom this Policy is applicable are expected to observe all International anti-bribery laws.

### **5.4 Fraud, theft and other forms of economic crime**

Economic crime for the purposes of this Policy includes, *inter alia*, fraud, theft, extortion, forgery, uttering a false document, embezzlement, money laundering, racketeering, bribery and corruption. The Altron group prohibits all forms of economic crime, and it will not tolerate the persons to whom this Policy is applicable, being involved in such activities.

### **5.5 Political contributions or donations**

The Altron group and persons to whom this Policy is applicable may not make direct or indirect contributions or donations to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions.

Any political contributions or donations made by the Altron group, only after approval by shareholders, will be publicly disclosed.

### **5.6 Charitable contributions and sponsorships**

The Altron group recognises the risk of charitable contributions and sponsorships being used as a subterfuge for corruption and other forms of economic crime and is committed to identifying inappropriate payments and to eliminating them.

The Altron group is willing to disclose all its charitable contributions and sponsorships, on request.

## **5.7 Facilitation payments**

Facilitation payments are small unofficial payments made to secure or expedite the performance of a routine administrative or necessary action to which the payer of the facilitation payment has a legal or other entitlement. The purpose of the facilitation payment is usually to speed along an administrative process. The Altron group recognises that facilitation payments are a form of bribery and/or corruption and is committed to identifying these payments and to eliminating them.

## **5.8 Gifts, hospitality and entertainment**

The Altron group prohibits the offering of or receipt of gifts, hospitality or entertainment, whenever they could affect or be perceived to affect the outcome of business transactions and are not reasonable and *bona fide*. (See **Corporate Gifts and Entertainment Policy**)

## **5.9 Business Relationships**

### **5.9.1 Contractual relationships**

Any contractual relationship between the Altron group and its business partners should be reduced to writing and signed by the parties thereto.

Subject to Altron's Limits of Authority matrix, which is reviewed annually, all contracts with business partners require the prior approval of the board of directors, or their delegate/s of the relevant sub-holding company or division.

### **5.9.2 Standard Ethical Conduct Contractual Clause**

The Altron group and the persons to whom this Policy applies will endeavour to include in any contractual arrangement with other business entities in which the Altron group has a significant investment or with which it has significant business relationships, such as agents, consultants, joint ventures, consortia, advisors, distributors, contractors, sub-contractors and suppliers ("business partner"), the Altron Standard Ethical Conduct Clause (See attached Standard Ethical Conduct Clause) as well as warranties by the business partner:

- (a) to observe this Policy alternatively to observe its own equivalent policy; and
- (b) to abide by and uphold the required standards and principles of ethical business conduct included in the Standard Ethical Conduct Clause,

for the duration of any agreement with the Altron group and/or until delivery of all goods and/or services to the Altron group or until completion of all works for or on behalf of the Altron group.

Where a business partner uses a clause similar to what is covered by Altron's Standard Ethical Conduct Clause, the business partner's clause may be accepted. Guidance should be sought from Altron Legal in the event of any uncertainties in this regard.

### **5.9.3 *Right to Audit Contractual Clause***

The Altron group generally requires that its business partners keep proper books and records available for inspection by the internal audit division of the Altron group. The Altron group and the persons to whom this Policy applies will endeavour to include in any contractual arrangement with a business partner, a Right to Audit Clause (See attached Standard Right to Audit Clause), or other similar contractual requirement, for the duration of any agreement with the Altron group and/or until delivery of all goods and/or services to the Altron group or until completion of all works for or on behalf of the Altron group.

### **5.9.4 *Compliance with ethical standards from business partners***

The Altron group will endeavour to make known its anti-corruption and economic crime policy to its business partners.

The Altron group should make it clear that it expects anti-corruption and economic crime standards of its business partners, equivalent to its own policy and procedures and should use its influence to encourage them to either pledge compliance with this Policy or to adopt a policy that is consistent with this Policy.

### **5.9.5 *Procurement practices***

The Altron group will endeavour to conduct its procurement practices in a fair and transparent manner.

The Altron group will endeavour to avoid dealing with contractors and suppliers or other business partners known or reasonably suspected to be paying bribes.

### **5.9.6 *Compensation and payments to business partners***

The Altron group will not channel improper payments through agents or other intermediaries.

Compensation paid to business partners should be appropriate and justified remuneration for legitimate services rendered.

### **5.9.7 *Due diligence exercises and vetting***

Business partners to the Altron group will be subject to various forms of vetting, including the verification of information provided to the Altron group. This will serve to limit the exposure of the



Altron group to inappropriate business associations.

Selective due diligence exercises will be performed, depending on the significance of the business partner to the continuity of the Altron business. The process will assess the capabilities of the business partner as to whether it acts ethically, the adequacy of its anti-corruption and economic crime policies and programmes, as well as whether there are any known concerns or “red flags” or a history of past unethical behaviour. The due diligence may be carried out by the Altron group or by consultants or a combination of both.

When undertaking mergers and acquisitions (“M & A”) in particular, the Altron group will carry out due diligence which may include assessing the risks related to the jurisdictions in which the target company operates, its sector and markets, the adequacy of its anti-bribery and/or corruption policy and programme and verifying that the M & A will not bring with it, legacy risks related to past unethical behaviour.

#### **5.9.8 *Monitoring of policies and performance***

The Altron group may from time to time monitor the policies and performance of joint ventures and consortia as well as other business partners. In the case of practices that are inconsistent with this Policy or other Altron group policies, the Altron group will take appropriate action, which may include:

- Requiring correction of deficiencies in the implementation of the policy;
- Application of sanctions;
- Termination of its relationship with the business partner.

#### **5.9.9 *Right to terminate contractual arrangements***

The Altron group and the persons to whom this Policy applies will endeavour to include in any contractual arrangement with a business partner, the right to terminate a contract with the business partner, in the event that the business partner pays bribes or acts in a manner inconsistent with this Policy.

#### **5.10 *Employees and Directors***

Compliance with this Policy is mandatory for all employees and directors of the Altron group and forms part of Altron’s standard terms and conditions of employment. Non-compliance with this Policy will result in a disciplinary process being instituted against the relevant person(s) and may ultimately result in the dismissal of an employee(s).

No employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes even if such refusal may result in the Altron group losing business.

All employees and directors to whom this Policy applies may be subjected to pre-employment or pre-

promotion screening tests which may include but not be limited to employment history checks, criminal record checks, verification of educational qualifications, reference checks, checks on facts contained in the employee's or director's CV and checks on external business interests. The tests will be performed by persons nominated by the relevant human resources department.

## **6 POLICIES & DIRECTIVES**

The Altron group has designed detailed policies and procedures to provide reasonable assurance that its' Anti-corruption and Economic Crime Policy and specific objectives for countering bribery and corruption are achieved.

### **6.1 Corporate Compliance Policy**

The Altron group has developed a Corporate Compliance Policy. The Corporate Compliance Policy sets out the applicable laws and corporate guidelines to ensure lawful, responsible and ethical conduct of the Altron group's businesses.

### **6.2 Corporate Code of Conduct**

The Corporate Code of Conduct sets out the standard of conduct expected of those to whom it is applicable and commits the Altron group to the highest standards of ethical behaviour.

### **6.3 Code of Ethics**

The Altron group is committed to conducting itself in an ethical and moral way and has developed a Code of Ethics as part of its corporate governance framework. All employees and directors are expected to abide by the Code of Ethics.

### **6.4 Disciplinary and Grievance Code and Procedure**

The Altron group's Disciplinary and Grievance Code and Procedure sets out the standards and procedures to be followed in respect of employees and directors grievances and disciplinary action.

### **6.5 Corporate Gifts and Entertainment Policy**

The Altron group's Gifts and Entertainment Policy sets out when it is acceptable to give and receive gifts and when it is not. It also deals with declarations by employees and directors in respect of the giving and receiving of gifts, entertainment and hospitality, in a register.

### **6.6 Conflicts of Interest Policy**

At the Altron board meeting held on 25 February 2011, the board resolved to approve and adopt a specific standalone Conflicts of Interest Policy which regulates, among other issues, the expected

behaviour of directors and employees where they find their personal interests conflicting with the interests of the relevant member companies of the Altron group.

## **6.7 Reportable Irregularities Policy**

Reportable irregularity as defined in Section 1 of the South African Auditing Profession Act, No 26 of 2005, as amended ("the APA") means an unlawful act or omission committed by any person responsible for the management of an entity which may cause material financial loss or is fraudulent or amounts to theft or represents a material breach of a fiduciary duty.

The Altron group policy regarding reportable irregularities clarifies and regulates as between Altron, its subsidiaries and its external auditor, compliance with Section 45 of the APA and the procedure to be adopted in the event that a reportable irregularity is detected within the Altron group.

Altron, being a public listed company, is required in terms of the JSE listing requirements, to publish an announcement on SENS if they are found to have committed a reportable irregularity.

## **7 CONTROL STRATEGIES**

The approach in controlling corruption and economic crime is focused into 3 areas, namely:

- Structural Strategies;
- Operational Strategies; and
- Maintenance Strategies.

### **7.1 Structural strategies**

Structural strategies represent the actions to be undertaken at the Altron group level to address corruption and other economic crime at a structural level.

The following section outlines the levels of responsibility for the prevention, detection, investigation and reporting of corruption and other economic crime throughout the Altron group.

#### **7.1.1 Organisation and Responsibilities**

The board of directors is committed to fundamental values of integrity, transparency and accountability.

The board of directors is committed to integrity in business dealings and will not tolerate bribery or corruption and commits to providing leadership, resources and active support for the implementation of

this Policy and associated implementation programmes and/or plans that are developed.

### **7.1.2 Implementation**

The Altron Chief Executive is responsible for ensuring that this Policy and any associated implementation programmes and/or plans are carried out consistently with clear lines of authority.

On a practical level, the offices of the Group secretariat, the Group legal and the Group risk and compliance function ("GRCS") will be responsible for the implementation of this Policy and any associated implementation programmes and/or plans.

The board of directors, Chief Executive and senior management are actively committed to the implementation of this Policy.

### **7.1.3 Monitor and review**

The Group risk and compliance function will be responsible for monitoring this Policy and any associated programmes or plans. The Group's GRCS will periodically review this Policy's suitability, adequacy, effectiveness and will implement improvements, as appropriate.

The Group risk and compliance function will periodically report the results of this Policy's reviews from time to time to the audit committee, board of directors or equivalent body.

The Altron audit committee, the board of directors or equivalent body will make an independent assessment of the adequacy of this Policy from time to time and disclose its findings, as appropriate, in the enterprise's integrated annual report to stakeholders.

## **7.2 Operational Strategies**

### **7.2.1 Development of associated programmes and/or action plans**

To implement this Policy, the Group's GRCS function, in consultation with business units, subsidiaries, associate companies, entities that Altron has acquired or merged with, as well as entities in which the Altron group has a controlling interest, will develop associated implementation programmes and/or plans that are in line with the organisation's zero tolerance approach towards corruption and economic crime.

### **7.2.2 Communication**

This Policy and related policies will be available on the Altron group Website and on the Altron group Intranet, Alix. Endeavours will be made to include reference to this Policy in the standard terms and conditions of employment of each new employee of the Altron group, after the effective date of this Policy.

The Altron group undertakes to publicly disclose information about this Policy.

The Altron group is open to receiving communications from relevant interested parties with respect to this Policy.

### **7.2.3 Human Resources**

Human resources practices throughout the Altron group, which include recruitment, promotion, training, performance evaluation, remuneration and recognition, all reflect the Altron group's commitment to this Policy.

The relevant human resources department will be responsible for performing pre-employment and pre-promotion screening tests on selected employees and directors of the Altron group.

### **7.2.4. Training**

The Altron group will endeavour to provide training on this Policy to all persons to whom this Policy is applicable.

Where appropriate, contractors and suppliers will receive training on this Policy.

### **7.2.5 Internal Controls and Record Keeping**

The Altron group has established and maintains an effective system of internal controls to counter corruption and other forms of economic crime, comprising financial and organisational checks and balances over accounting and record keeping practices and other business processes related to this Policy.

The Altron group maintains accurate books and records that properly and fairly document all financial transactions, which are available for inspection.

The Altron group does not permit or tolerate "off the books" accounts.

The internal control systems throughout the Altron group, in particular the accounting and record keeping practices are subject to regular review and audit by group internal audit and by the external auditor to provide assurance on their design, implementation and effectiveness.

## **7.3 Maintenance Strategies**

### **7.3.1 Seeking guidance**

The group company secretary and/or group ethics office will assist in answering questions as to what

is acceptable practice in terms of this Policy.

These or other channels are also available for employees and other third parties to seek advice on the application of this Policy.

### **7.3.2 *Review and updating of Policy and related plans and policies***

The Group's GRCS function will conduct a review of this Policy and related policies and action plans periodically to determine the effectiveness thereof.

### **7.3.3 *Updating in line with amendments to legislation***

Notwithstanding the review of this Policy and related policies and plans on a periodic basis, endeavours will be made to update these documents immediately should changes occur in the applicable legislation.

### **7.3.4 *External Verification and Assurance***

The need to commission external verification or assurance of compliance with this Policy as well as any associated programmes and plans, will be determined by the risk management and audit committees in conjunction with the board of directors. This is to provide enhanced internal and external assurance of this Policy's effectiveness.

Where such external verification or assurance is conducted, the risk management and audit committees will determine whether the Altron group should publicly disclose that an external review has taken place, together with the related verification or assurance opinion.

## **8 REPORTING**

To ensure effectiveness of this Policy, it is essential that employees raise concerns and/or violations of this Policy as soon as possible. To this end, the Altron group provides the secure and accessible reporting channels listed below, through which employees and other third parties should feel able to raise concerns and report violations in confidence and without fear or risk of reprisal.

Prescribed reporting mechanism for internal reporting

- Directly to the line manager of the person concerned; or
- Directly to the Ethics Office; or
- Directly to the Chief Executive.

Prescribed reporting mechanisms for reporting to external/secure sources

- Deloitte Tip Offs Anonymous toll free hotline – ‘Tip-Off Tim’ Line (0800 205 352, [tim@tip-offs.com](mailto:tim@tip-offs.com))
- Altron Group Ethics Office secure e-mail address - [ethicsoffice@altron.com](mailto:ethicsoffice@altron.com)

If the person making the report is an employee of the Altron group and wishes to avail him or herself of the rights of a “whistleblower” under the Protected Disclosures Act, No 26 of 2000 (as amended), it is necessary that the employee obtains advice as to the appropriate reporting channel to make use of. The Protected Disclosures Act does not afford protection to employees who make anonymous reports.

(See Whistle-blowing guidelines).

There will be no reward of any nature for information reported.

## **9 REMEDIAL ACTION**

### **9.1 Disciplinary action**

All disciplinary proceedings will take place in accordance with the procedures set out in the Altron group's Disciplinary and Grievance Code and Procedures.

In line with the Altron group's zero tolerance approach to corruption and economic crime, where acts of dishonesty have been reported, resignations may not necessarily be accepted without disciplinary action first being taken.

The Altron group will endeavour to perform exit interviews and complete exit checklist procedures in the event of dismissal of an employee from the Altron group for economic crime or acts of dishonesty.

### **9.2 Criminal Prosecution**

All employees should be obliged to disclose on an annual basis whether they have a criminal record.

Should investigations uncover evidence of economic crime including fraud and corruption, the ethics office will review the facts at hand to determine whether the matter is one that ought to be reported to the applicable law enforcement agency.

Any decision by the ethics officer not to refer an allegation of fraud, corruption and/or economic crime to a law enforcement agency for investigation will be referred to the Altron group audit and risk management committees, together with the reasons for the decision.

### **9.3 Civil recovery**

The Altron group will actively pursue the recovery of any money or property lost through economic crime including fraud and corruption, provided there is a strong prospect of a net benefit to the Altron group from such action.

In respect of civil recoveries, litigation costs involved will be taken into consideration to ensure that the cost of recovery is financially beneficial to the Altron group.

#### **9.4 Internal control review after the fact**

In each instance where bribery, corruption or other form of economic crime is detected, the matter will be reported to the head of group internal audit who will reassess the adequacy of the current internal control environment (particularly those controls directly impacting on the incident) and assess whether there is a need for modification.

#### **10. IMPLEMENTATION DATE**

The implementation date of this Policy is the date that this document is signed by Altron's Chief Executive, on which date it will replace the previous similarly titled policy which was effective from 1 July 2011.



## DEFINITIONS

- **Act of dishonesty** – an act of dishonesty involves a lack of integrity and includes cheating, lying, stealing, fraud, theft and any criminal activity.
- **Bribery:** For purposes of this Policy, the term bribery has the same meaning as Corruption.
- **Corruption** – corruption is the giving or receiving of some advantage or benefit, where the benefit or advantage is used as an improper or unauthorised way of influencing a person to do or not to do something.

Corruption in its wider meaning includes any conduct or behaviour where a person accepts, agrees or offers any benefit for him-/herself or for another person, where the purpose is to act dishonestly or illegally. Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

Example: accepting benefits from a service provider in exchange for the improper extension of their service contract.

- **Economic crime** – economic crime for the purposes of this document includes *inter alia* fraud, theft, extortion, forgery, uttering a false document, embezzlement, money laundering, racketeering, bribery and corruption.
- **Employee:** An employee is any person who works for the Altron group, and who receives, or is entitled to receive, any remuneration, excluding all independent contractors to the Altron group/supplier or any person who in any manner assists in carrying on or conducting the business of an employer.
- **Embezzlement** – “A type of theft in the form of appropriation of another’s property which is already in the possession of the thief”.<sup>1</sup>

Example: an employee selling a laptop issued to him/her for work purposes, where the laptop still belongs to the employer.

- **Extortion** – the crime of extortion is committed when a person unlawfully and intentionally obtains some advantage from another person, which may be of a monetary or non-monetary nature, by subjecting that other person to pressure which induces him/her to hand over the advantage.

Example: threatening to discontinue using a supplier’s services unless they pay over an amount of money.

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<sup>1</sup> Snyman p499

- **Facilitation payments:** Facilitation payments are small unofficial payments made to secure or expedite the performance of a routine or necessary administrative or other action to which the payer of the facilitation payment has a legal or other entitlement. These payments are also known as speed payments or greasé payments.
- **Fraud** – consists of the unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another<sup>2</sup>.

Example: taking signed cash cheques of the employer and cashing the proceeds for one's own use, instead of using the money for its intended purpose.

- **Forgery** – forgery is a species of fraud. Forgery is the unlawful and intentional making of a false document which causes actual or potential prejudice to another.

Example: signing a document purporting to be someone other than yourself.

- **Gift:** Money, goods, services or loans given ostensibly as a mark of friendship or appreciation. A gift is professedly given without expectation of consideration or value in return. A gift may be used to express a common purpose and the hope of future business success and prosperity. It may be given in appreciation of a favour done or a favour to be carried out in the future.
- **Hospitality:** Hospitality includes entertaining, meals, receptions, tickets to entertainment, social or sports events, participation in sports events, such activities being given or received to initiate or develop relationships between business people.
- **International Anti-Bribery Laws:** All anti-bribery, anti-corruption and anti-money laundering laws, regulations, and/or policies of South Africa, including the South African Prevention and Combating of Corrupt Activities Act, 2004 (as amended); the South African Prevention of Organised Crime Act, 1998 (as amended); the South African Financial Intelligence Centre Act, 2001 (as amended); the South African Electronic Communications and Transactions Act, 2002 (as amended); the United Kingdom of Great Britain and Northern Ireland ("UK"), including the UK Bribery Act, 2010 (as amended); the United States of America, including the Foreign Corrupt Practices Act, 1977, (as amended); the European Union; the Organisation for Economic Co-operation and Development; and the United Nations, including the United National Global Compact; as well as all other jurisdictions where the Altron group conducts business.
- **Reportable Irregularity** – Section 1 of the Auditing Profession Act No 26 of 2005 defines a reportable irregularity as follows:

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<sup>2</sup> CR Snyman, Criminal Law 5<sup>th</sup> Edition, Lexis Nexis, Durban, p531

*“reportable irregularity” means any unlawful act or omission committed by any person responsible for the management of an entity, which –*

- (a) Has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his/her or its dealings with that entity;*
- (b) Is fraudulent or amounts to theft; or*
- (c) Represents a material breach of any fiduciary duty owed by such person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof.*

- **Money laundering** – An activity which has or is likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds and includes any activity which constitutes an offence in terms of section 64 of the Financial Intelligence Centre Act 38 of 2001 (as amended) or section 4, 5 or 6 of the Prevention of Organised Crime Act No 121 of 1998 (as amended)<sup>3</sup>.

Example: proceeds of a crime in the form of cash being used to buy property of high value, to conceal the origin of the funds.

- **Racketeering (Pattern of racketeering activity)** – The planned, ongoing, continuous or repeated participation or involvement in any offence referred in Schedule 1 of the Prevention of Organised Crime Act 121 of 1998 (as amended) and includes at least 2 offences referred to in Schedule 1, of which one of the offences occurred after the commencement of the Act and the last offence occurred within 10 years (excluding any period of imprisonment) after the commission of such prior offence referred in Schedule 1.<sup>4</sup> [Schedule 1 of POCA includes crimes such as theft, robbery, extortion, fraud, forgery and uttering.]

Example: repeated theft of an item.

- **Theft** – “A person commits theft if s/he unlawfully and intentionally appropriates movable, corporeal property which:
  - (a) belongs to and is in the possession of, another;*
  - (b) belongs to another but is in the perpetrator’s own possession; or*
  - (c) belongs to the perpetrator but is in another’s possession and such other person has a right to possess it which legally prevails against the perpetrator’s own right of possession provided that the intention to appropriate the property includes an intention to*

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<sup>3</sup> Section 1 of the Financial Intelligence Centre Act No. 38 of 2001 (as amended)

*permanently deprive the person entitled to the possession of the property, of such property*.<sup>5</sup>

Example: stealing equipment or supplies from work.

- **Uttering a forged document** – uttering a false document is the unlawful and intentional passing off of a false document which causes actual or potential prejudice to another.

Example: submitting a forged certificate to some other person, knowing it to be false.

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<sup>4</sup> The Prevention of Organised Crime Act No. 121 of 1998 (as amended)

<sup>5</sup> Snyman p483

## STANDARD ETHICAL CONDUCT CLAUSE – ANNEXURE A

### 1. Required Standards and Principles of Lawful and Ethical Business Conduct

- 1.1. Altron, the ultimate holding company of [refer to the Altron group company who is party to the relevant agreement, using the same name, definition, abbreviation or acronym as used in the agreement] adheres to the highest levels of lawful, ethical and responsible business conduct and it requires its subsidiaries, as well as suppliers, customers, contractors and stakeholders of the Altron group, in their interaction with the Altron group, to adhere to similar principles.
- 1.2. The \*supplier/ customer/ contractor [refer to the supplier, customer or business associate using the name, definition, abbreviation or acronym as used in the agreement] is referred to the following documents that can be viewed on Altron's public internet website at [www.altron.com](http://www.altron.com):
- The Altron Corporate Compliance Policy
  - The Code of Ethics for the Altron Group
  - The Corporate Gifts and Entertainment Policy for the Altron Group
  - The Altron Anti-Corruption and Economic Crime Policy
- 1.3. The \*supplier/ customer/ contractor [use same terminology as in the agreement] confirms that it has read and that it understands the above mentioned policies and that it fully subscribes to the principles of lawful and ethical business conduct as are expressly or implicitly dealt with in the said policies. For the sake of clarity, the relevant principles are summarized as follows:
- Fair competition and avoidance of anti-competitive conduct
  - Integrity in business dealings – no corruption or bribery
  - Sustainability – no inappropriate risks for human health and the environment
  - Equal opportunities in securities trading – no insider trading
  - Proper record keeping and accurate financial reporting – no deception
  - Fair and respectful working conditions – no discrimination
  - Respecting the legal rights of others – no infringement of intellectual property rights
  - No conflicts of interest between business and personal interests
  - Cooperation with the authorities – no misinformation
  - Compliance with laws, regulations, rules and standards, in South Africa and elsewhere
  - Observance of ethical obligations without causing harm to others other than by fair commercial competitive practices
  - Not to supply defective or dangerous products
  - Not to improperly induce or influence someone by the provision of gifts, entertainment or other gratification
  - To report any events or suspected events of bribery, corruption, improper inducement or influencing, or any other unlawful conduct.

1.4. The Altron group distances itself from any conduct that deviates from the principles referred to in 1.3 above and it reserves its right not to deal with any party whose conduct is contrary to these principles. [refer to the Altron company who is party to this agreement] therefore hereby reserves the right to terminate this agreement forthwith in the event that any information comes to its attention which causes it to conclude, in its sole opinion, that in its conduct towards [name Altron company] in terms of or in connection with this agreement the \*supplier/ customer/ contractor [refer to the relevant party] has engaged in an act or omission which constitutes a material breach or disregard of the above mentioned principles of lawful and ethical business conduct. Such termination shall be justified and lawful and shall not be capable of giving rise to any damages claims against or any other liability for [name Altron company].

*\*delete which is not applicable*

*Change clause numbers to fit into the relevant agreement*

## 1. RIGHT TO AUDIT – ANNEXURE B

- 1.1 The Altron group shall be entitled on the giving of reasonable notice to [the Contractor] to such effect, to conduct an audit of all relevant books, records, systems, processes, procedures and documents of [the Contractor] in order to verify compliance by [the Contractor] with its obligations in terms of this Agreement.
- 1.2 [The Contractor] shall co-operate and render all assistance reasonably requested by the Altron group relating to such audit. In addition, [the Contractor] shall provide the Altron group access to all such books, records, systems, data and documents of [the Contractor] and to any premises and personnel of [the Contractor] for the purposes of conducting such audit. The Altron group shall have the right to take copies of any records and information they reasonably require to assist in connection with any such audit.
- 1.3 [The Contractor] shall maintain all data, records and documentation relating to this Agreement, and to its other operations, for the duration of this Agreement to enable the Altron group to undertake the audit contemplated in clause 1.1.

**Note: Change clause numbers as may be appropriate**